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Riverstone reports net profit of RM32.1 million for 3QFY2018

- Stemming from an increase in orders for both its cleanroom and healthcare gloves, the Group's revenue rose 27.5% yoy to RM239.5 million for 3QFY2018
- Continues to generate healthy levels of operating cash flow amounting RM44.7 million, bolstering balance sheet strength to a net cash position of RM85.7 million
- Group's phase 5 expansion plans on track to raise total annual production capacity by 18.4% to 9.0 billion pieces of gloves by end-FY2018

Financial Highlights

<u>RM million</u>	<u>3QFY2018</u>	<u>3QFY2017</u>	<u>Change (%)</u>
Revenue	239.5	187.8	27.5
Cost of Goods Sold	(193.4)	(137.0)	41.2
Gross Profit	46.1	50.8	(9.2)
Profit Before Tax	37.4	39.7	(5.8)
Net Profit	32.1	34.3	(6.5)
EPS* - fully diluted (sen)	4.33	4.63	

*Based on weighted average of 741.1 million ordinary shares in issue

SINGAPORE – 1 November 2018 – Mainboard-listed Riverstone Holdings Limited (“Riverstone” or “the Group”) 立合斯顿有限公司, a leading manufacturer of specialised cleanroom and healthcare gloves, today announced its financial results for the third quarter ended 30 September 2018 (“3QFY2018”).

Demand for the Group's cleanroom and healthcare gloves continue to grow in tandem with its capacity expansion plans, as an uptick in glove orders contributed to a 27.5% year-on-year (“yoy”) increase in revenue to RM239.5 million for 3QFY2018.

In line with efforts to secure orders for the remaining production capacity scheduled to come onboard, the Group extended its sales and marketing efforts to geographies such as the US to tap on the rising demand for both its cleanroom and healthcare gloves. Correspondingly, the Group recorded a 20.6% increase in selling and distribution expenses to RM4.3 million for 3QFY2018.

The Group's net profit attributable to shareholders recorded a 6.5% yoy decline to RM32.1 million for 3QFY2018.

Executive Chairman and CEO, **Mr. Wong Teek Son (黄德顺)** remarked, “*Following the completion of construction of our new plant and the commissioning of new lines for phase 5 of our expansion plans, we are pleased to note that production has continued to run at close to full capacity. While we leverage upon our competitive advantage as an industry-renowned provider of customised solutions for the cleanroom glove segment, we remain mindful of the opportunities present in the burgeoning healthcare glove market as well. Recently, the US Pharmacopeia (“USP”) Convention announced guidelines describing best-practice standards to promote stringent hygiene in US hospitals and labs. Known as the USP 800, health workers working in pharmacies and hospitals are recommended to don two pairs of gloves when handling hazardous drugs. With these standards slated to come into effect in December 2019, we expect to see an uptick in US healthcare glove orders from the third to fourth quarter of 2019, should the guidelines be widely enforced.*”

The Group's balance sheet recorded an increase in inventories to RM89.8 million as at 30 September 2018 (RM71.1 million as at 31 December 2017). Given that inventories comprise mainly raw materials, work-in-progress and finished goods, this increment is in line with the ramp up in orders expected once the remaining production lines for phase 5 are commissioned by the end of FY2018.

The Group continues to generate strong positive operating cash flows of RM44.7 million for 3QFY2018. With the intention of optimising its capital structure, the Group maintains borrowings amounting RM20.5 million whilst remaining in a net cash position of RM85.7 million.

Looking ahead, **Mr. Wong** added, *“Having transitioned seamlessly for our five phases of expansion over the years, we have in place the expertise and necessary preparations such as the manpower and infrastructure to support our growth. With phase 6 of our expansion plans poised to lift annual production capacity by a further 1.4 billion to a total of 10.4 billion pieces of gloves by end-FY2019, we are well-positioned to tap on growing global demand for both our healthcare and cleanroom gloves. While we continue to chart our upward growth trajectory, we are also committed to employing prudent cost controls and adopting automation to mitigate the impact of volatile raw material prices and foreign exchange fluctuations, both of which continue to remain a challenge for the Group.”*

– The End –

About Riverstone Holdings Limited (“Riverstone” or 立合斯顿有限公司)

Malaysia-based Riverstone is a global market leader in the manufacturing of nitrile and natural rubber clean room gloves used in highly controlled and critical environments as well as premium nitrile gloves used in the healthcare industry. The company's proprietary “RS Riverstone Resources” brand is the preferred cleanroom glove for use in high-tech manufacturing industries. The company also manufactures cleanroom consumables such as finger cots and facemasks. Its customers are global leaders in the HDD, LCD, semiconductor, consumer electronics, pharmaceutical and healthcare industries. The company employs more than 3,000 people throughout its six manufacturing facilities in Malaysia (4), Thailand (1) and China (1) with an annual production capacity of 7.6 billion gloves as at 31 December 2017. It also has an established global network of sales offices to serve its customers in Singapore, Malaysia, Thailand, the Philippines, China and the U.S. Riverstone was listed on the Mainboard of the Singapore in 2006. (www.riverstone.com.my)

Issued for and on behalf of Riverstone Holdings Limited by Financial PR

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